

Before The  
Federal Communications Commission  
Washington, D.C. 20554

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JUL 21 1993

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In The Matter Of )  
 )  
Implementation of Section 3 )  
of the Cable Television )  
Consumer Protection and )  
Competition Act of 1992 )

MM Docket No. 92-266

To: The Commission

OPPOSITION OF PREVUE NETWORKS, INC.

Prevue Networks, Inc., ("Prevue")<sup>1/</sup> by its attorneys, hereby opposes the Petition for Reconsideration filed by the National Association of Telecommunications Officers and Advisors, National League of Cities et. al., insofar as those petitioners advocate that the Commission apply different standards for rate regulation purposes to "menu, directory or similar channels on a cable system." In effect, petitioners desire the Commission to engage in content-based discrimination for purposes of rate regulation -- a practice clearly in violation of the First Amendment.

Petitioners argue that such channels, which presumably would include Prevue Channel and its affiliated services, should not be counted for purposes of determining the per channel benchmark rate for cable television rate regulation. Petitioners

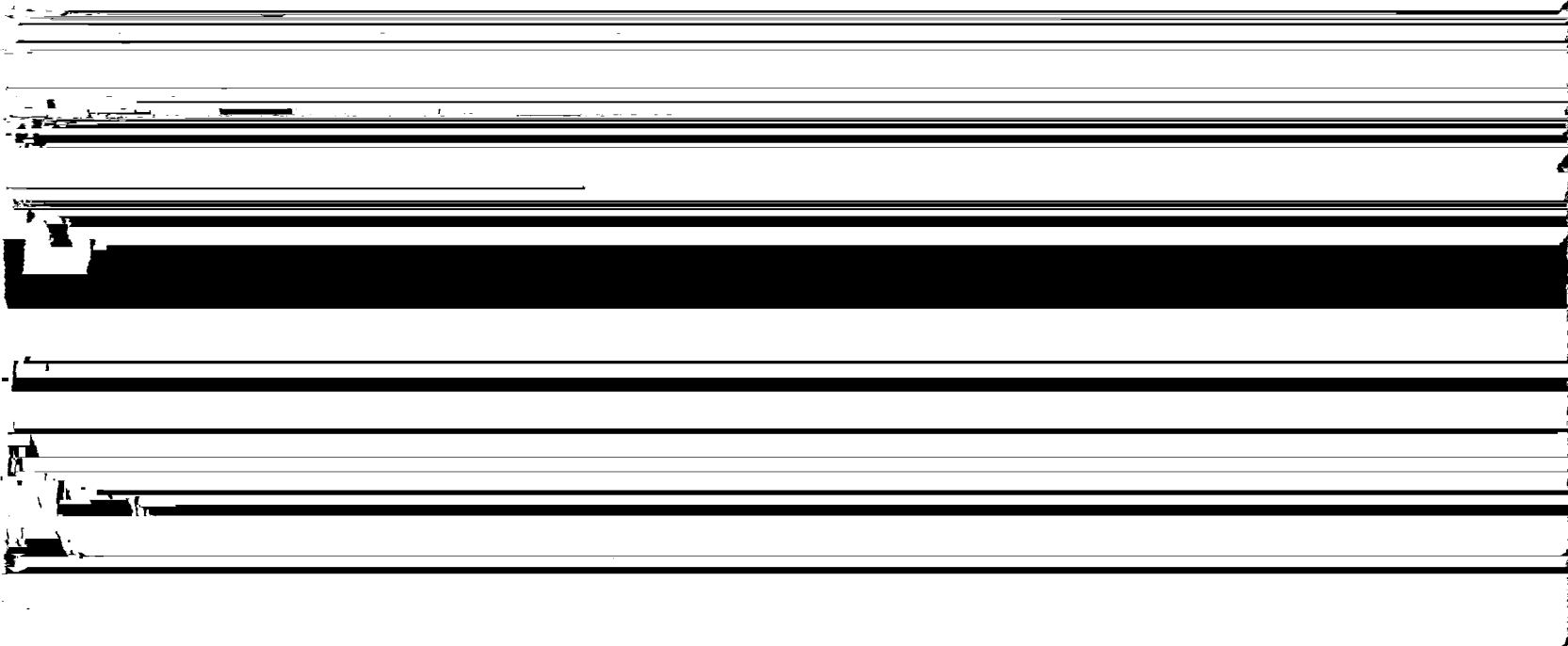
<sup>1/</sup> The various services provided by Prevue are described in Exhibit I hereto.

No. of Copies rec'd 0217  
List A B C D E

suggest that an increase in the number of such channels since September 1992 should be considered evidence of an attempt to evade rate regulation in violation of Section 623(h) of the 1992 Cable Act.

Petitioners have mischaracterized the nature and value of directory channels which provide extremely important and popular services for cable operators and their subscribers. The suggestion that the addition of such channels by cable operators should be treated as an "evasion" is entirely inappropriate and would involve the Commission in a totally impractical task of evaluating the type of programming carried on particular cable channels. The Commission's rate regulation scheme is already complicated and uncertain enough without requiring that the Commission make value judgments regarding program services carried on cable systems.

We recognize that Petitioners may not be cable subscribers and therefore may not realize the value and popularity



subscribers. Moreover, as the number of cable channels increase with the deployment of video compression and with the increasing use of fiber optics, program guides, previews and similar information services become even more important for subscribers.

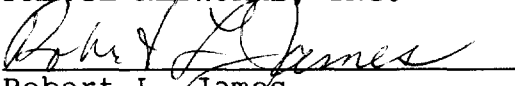
Petitioners' assertion that the Commission should make value judgments regarding particular cable channels and should give preferential treatment to certain programmers over others violates the First Amendment of the U.S. Constitution. See Leathers v. Medlock, 111 S. Ct. 1438, 1442 (1992). Such programming choices should be made by cable operators and their subscribers, not by governmental authorities threatening charges of evasion of the Cable Act for cable carriage of directory, menu or similar services. Rate regulation should not be used to control cable subscribers' access to information and information services.

Furthermore, Petitioners seem to have a basic misunderstanding of the cable television business. Cable operators provide a wide diversity of quality programming and information services to subscribers. Since it is in the vital interest of cable operators to continue to provide high quality services in order to attract and retain subscribers, it is absurd to presume that the cable operators would engage in any widespread practice of diluting the value and high quality of their operations, as Petitioners have suggested.

WHEREFORE, in view of the foregoing, Prevue respectfully requests that the Commission reject Petitioners' request that directory and similar channels be treated differently from any other channels carried on the cable system. Let the subscribers and the competitive marketplace make those value judgments.

Respectfully submitted,

**PREVUE NETWORKS, INC.**

  
By: Robert L. James  
**COLE, RAYWID & BRAVERMAN**  
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Washington, D.C. 20006

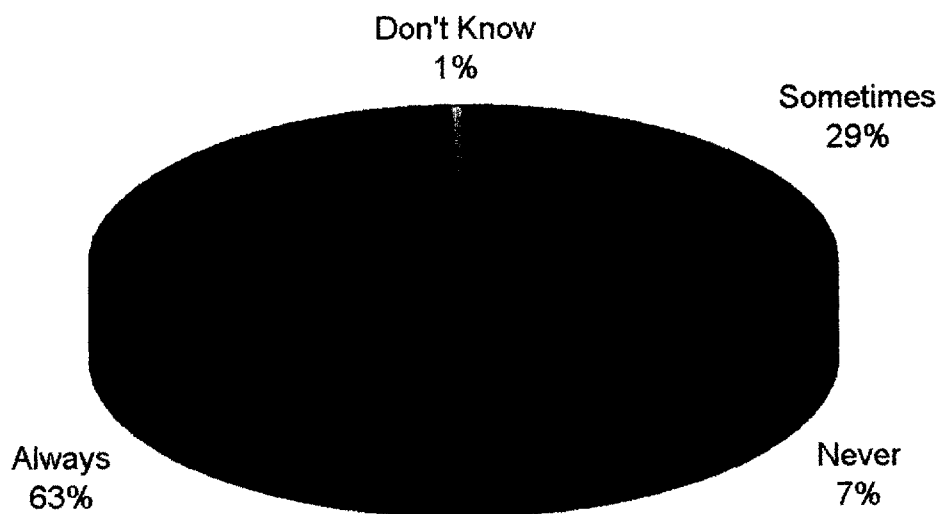
(202) 659-9750

Its Attorney

July 21, 1993

**DO VIEWERS GET NEEDED INFORMATION  
FROM SNEAK PREVUE FOR MAKING PAY  
PER VIEW PURCHASE DECISIONS?**

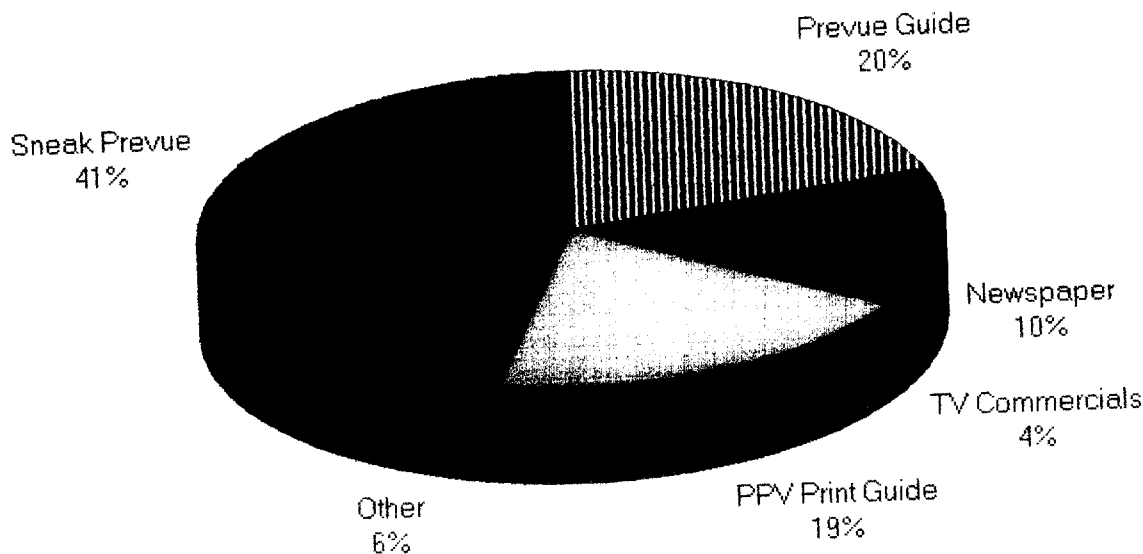
(200 respondents)



## TIME OF DAY VIEWERS WATCH

SNEAK PREVIEW

## **PREVUE NETWORKS COMBINE FOR SOURCE USED MOST FOR PAY PER VIEW INFORMATION**

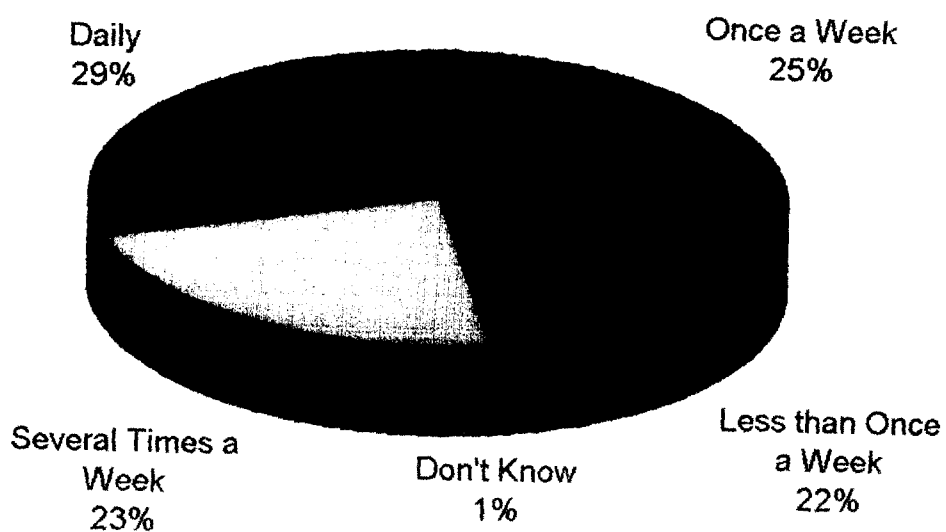


## TYPES OF DATA REVIEW



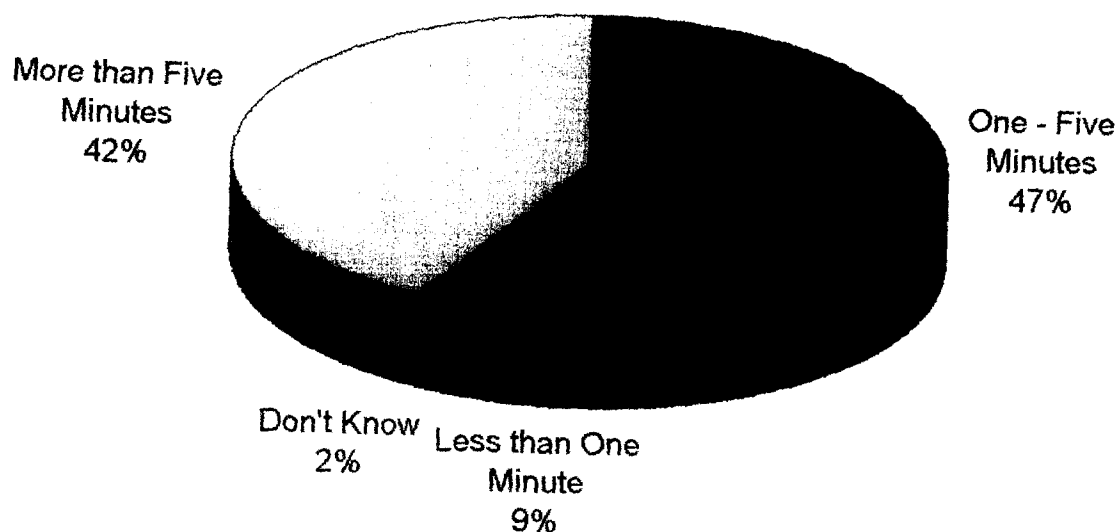
## HOW OFTEN VIEWERS WATCH SNEAK PREVUE

(200 Respondents)

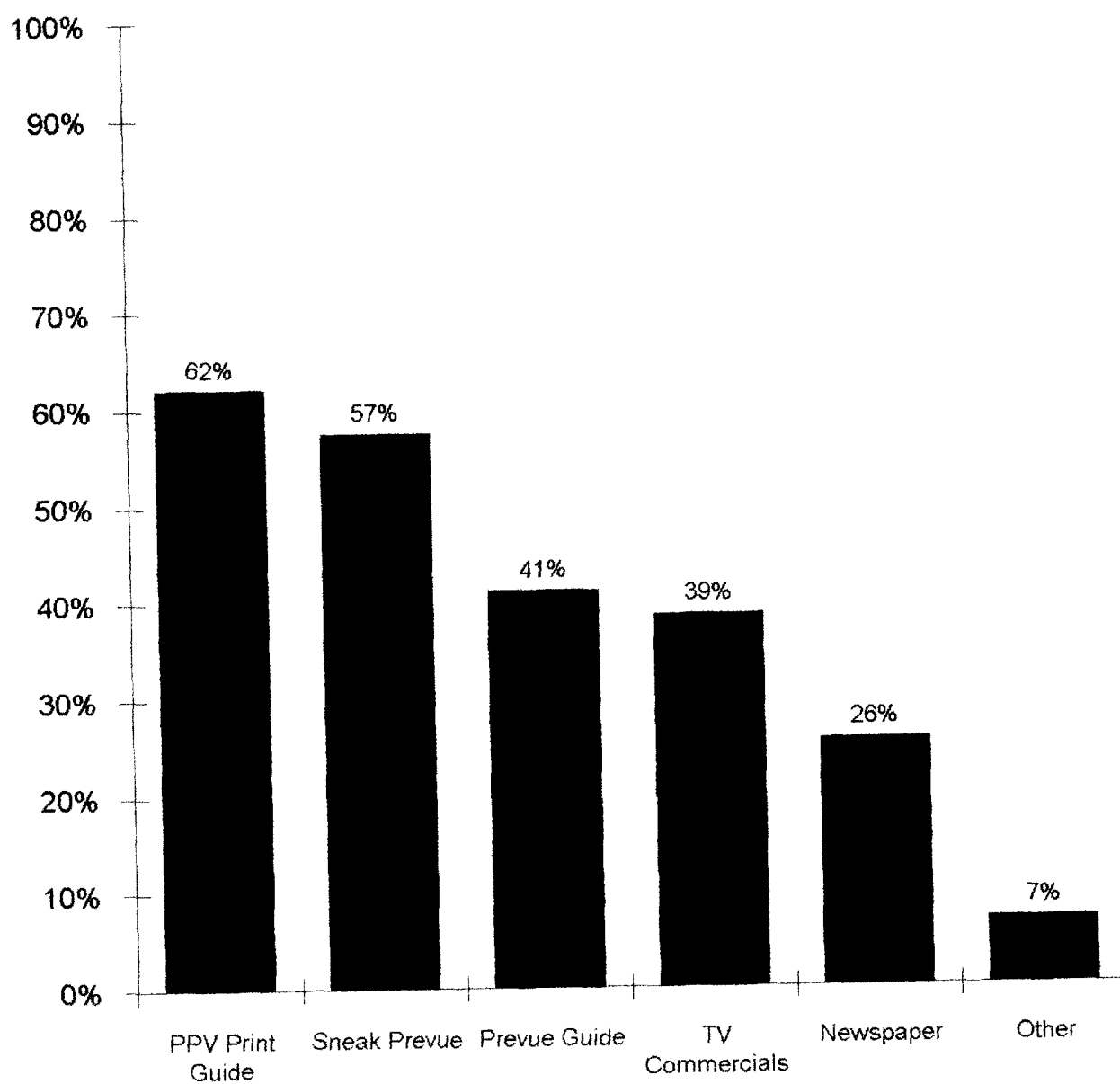


## HOW LONG VIEWERS WATCH SNEAK PREVUE AT A TIME

(200 Respondents)

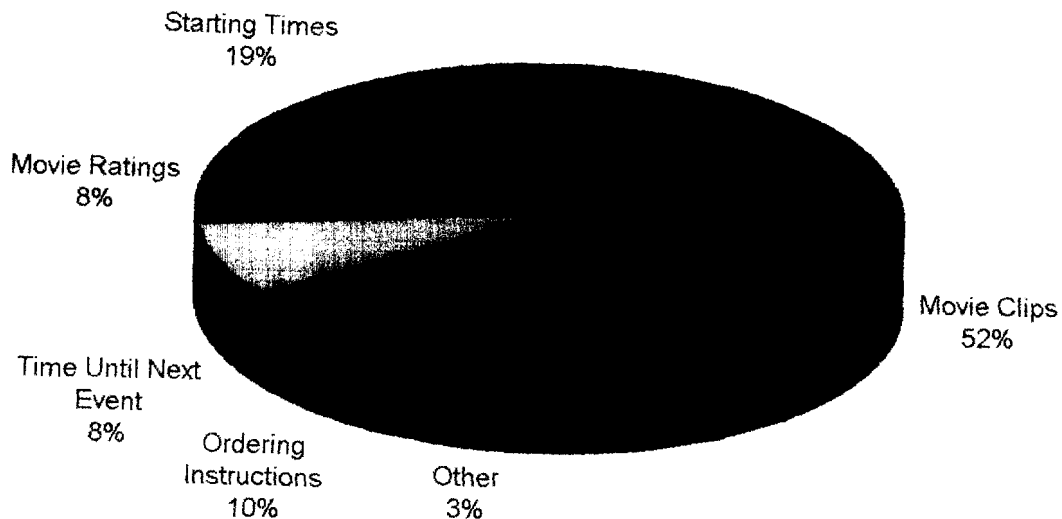


## PREVUE NETWORKS RANK IN TOP THREE FOR SOURCES OF PPV INFORMATION



## MOST USEFUL INFORMATION ON SNEAK PREVUE FOR MAKING PAY PER VIEW PURCHASE

(183 Respondents)



■ R E S E A R C H

**PREVUE**  
NETWORKS, INC.

## **Prevue Guide Viewership Usage Survey**

### **75% say Prevue's easy way to find "What's On TV!"**

The following results were tabulated during a two-week telephone survey, involving 400 head-of-household cable subscribers. Prevue Guide has been available for 2 years in each market.

- ☛ 81% of subscribers aware of Prevue Guide
- ☛ 75 % felt Prevue Guide very easy / convenient way to find out "what's on TV"
- ☛ 38 % knew correct Channel Number
- ☛ 48 % used Prevue Guide Once-A-Week
- ☛ 38 % used Prevue Guide several times a week
- ☛ 60 % felt Prevue Guide did a "good" job holding their interest
- ☛ 90 % felt well-informed on basic choices
- ☛ 81 % felt well-informed on optional Pay choices

72 % felt well-informed on Pay choices

**PREVUE INFLUENCES  
SUBSCRIBER  
SATISFACTION**

**PERCENT RATING  
NETWORK IMPORTANT TO  
ENJOYMENT OF CABLE**

**PREVUE CHANNEL  
VIEWERS**

**NON PREVUE  
CHANNEL VIEWERS**

**A&E**

**48%**

**35%**

# PREVUE INCREASES SUBSCRIBER SATISFACTION OF BASIC SERVICES

	PREVUE CHANNEL VIEWER	PREVUE CHANNEL NON VIEWER	% INCREASE
Percent rating average basic network as important to	38%	25%	+52%

## THE PREVUE CHANNEL INCREASES SUBSCRIBER UNAIDED AWARENESS

	PREVUE CHANNEL VIEWERS	PREVUE CHANNEL NON- VIEWERS	% INCREASE
Percent who have watched average basic network for 10 minutes or more	58%	36%	+61%
Percent viewing average basic over 7 day period	36%	25%	+44%



**NIELSEN HOMEVIDEO INDEX COMPARISON**

**1992 4 QUARTER AVERAGE**

NETWORK	MONDAY - SUNDAY 8:00P-11:00P		MONDAY - SUNDAY 6:00A-6:00A	
	RATING	AVG WK CUME %	RATING	AVG WK CUME %
USA	2.3	31.9	1.2	60.7
TBS	2.2	31	1.4	51.2
ESPN	1.7	24.9	0.8	48.8
TNT	1.7	26.4	1	53.9
WGNC	1.2	21.6	0.9*	17.7
TNN	1.2	14	0.5*	7.5*
CNN	1.1	17.8	0.7	41.5
LIFE	1.1*	14.2*	0.5*	11.2
NICK	1.1	18.9	1	45.3
DISC	1	19.8	0.5*	10.1*
FAM	0.9	14.8	0.5	38.2
A&E	0.8	17.5	0.5	8.6*
MTV	0.6	15.8	0.5	36.8
BET	0.5	8.3	0.2	18.5
CMT	0.5	8.5	0.4	23.4
CMDY	0.4	11.3	0.2	27.2
PREV	0.3	6.5	0.1	17.6

■ R E S E A R C H

**PREVUE**  
NETWORKS, INC.

## Prevue Guide Viewing Doubles At The Top of the Hour

02

## VIEWERS RELY ON PREVUE GUIDE

In a survey of 400 cable subscribers in Prevue Guide markets, Prevue ranked third as a source of information used to make viewing decisions:

Flipping channels	33%
Weekend newspaper guide	23%
<b>PREVUE GUIDE</b>	21%
TV Guide	8%
Daily paper listings	7%
Commercials	4%
Cable company's printed guide	1%
Multiple sources	1%
None	2%

48% of all the respondents said they tune in to Prevue at least once a week.

All sources of information are available to all respondents.

Source: Telephone Viewership Study conducted by Creative & Response Research Services, September, 1992

## The Hardest Working Channel on Television

3100 Sunset Blvd. • Los Angeles, CA 90029 • (213) 746-1000

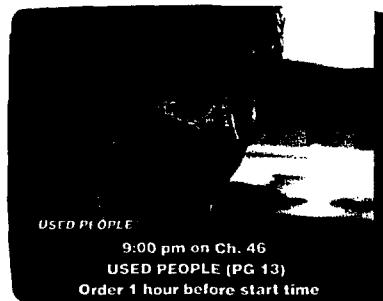
# Sneak PREVUE

## Where Pay-Per-View Gets Top Billing

**Drive Pay-Per-View Revenues Sky High** Sneak Prevue is the most effective pay-per-view promotion channel in the business. High-impact promotions combined with limitless customization capabilities translate into an accelerating pay-per-view business for you.

**Entertainment Keeps 'Em Tuning In** Promotions on Sneak are more than ads. They're compelling entertainment. We blend long-form features with hard-hitting, high-energy promos that draw in potential customers. Sneak goes behind the scenes of major productions with *Reel Talk*. And gives insight to each week's top feature films on *Sneak Feature*.

**Customization Is Our Greatest Asset** Our customization capabilities target your promotional efforts. With **DYNAMIC DAYPARTING**, you control your promotion mix precisely based on four dayparts. Morning, afternoon, prime time and late night are programmed to support your marketing strategy. Promote what sells, or what's appropriate, at those times.



**Reel Talk**  
90 second  
long-form  
promos go  
behind  
scenes

**Power Up Revenues** With our abundant price customization features, collectively called **SMART PRICER™**, you can adopt fresh retailing approaches. Create discounts for matinees. Special prices for big events. Sneak helps you sell in your unique market.

Sneak even allows you to vary **SPECIAL BIG EVENT (SBE)** promotions as events draw closer. 21, 14 and 7 days in advance, change your promotions. Alter the information window. Change copy. Offer special incentives. Do whatever it takes to sell SBE's in your market.

With Sneak, everything's possible. We'll help. The task is selling your product.

# PREVIEW

## Interactive Television Has Arrived

Preview



TV NOW

TV NOW

ON TV, 20-24 JUNE 93  
TO THEIR NEW RANGE  
PRESS THE PIGGY  
BUTTON ON THE  
COVERLEAF

Express is the revolutionary, new interactive programming guide that gives your customers access to their programming information - the only interactive programming service of its kind available today. With Preview Express, you introduce your customers to the most powerful new programming technology.

## Prevue Networks - The Marketing and Promotional Powerhouse

# BEYOND THE ON-SCREEN GUIDE

### **Simple & Smart. Prevue Network**

**Promotions Sell** Prevue has simplified the enormous task of promoting Basic, Pay and PPV. Tell us what you need and we do the rest, supplying the most effective, focused and affordable solution to program promotion.

**Moving Ahead** Prevue Networks has grown in tandem with the cable industry, responding to system input and industry trends. In the coming megachannel environment, Prevue Networks will continue to grow with you - moving even farther beyond the on-screen guide to provide **INTEGRATED PROMOTION SOLUTIONS**. We will introduce specialized, customized program promotion channels using Digital Video Compression. Promotion channels designed to guide viewers through an immense maze of choices, and enable them to make informed buying decisions.

Indeed we are looking ahead. But we will continue to

apply the fundamentals of successful program promotion: non-stop video promotion and accurate listings. Services that are economical, customized, system-specific, hands-off and reliable. We will continue to provide and maintain all equipment. Problems will never impede your success.

### **High-Performance Promotion & Sales**

**Tools** We offer much more than an on-screen guide. We are the smartest and most efficient marketing tools available. Forward thinking and always state-of-the-art, Prevue's network services show off your product and drive buy rates. We build customer satisfaction and increase customer awareness to drive retention and usage. Simply put, we build the value of your cable television service. That's the power of advanced program promotion. It's the power to stimulate business growth and success. The power of Prevue Networks.

**EXCEL WITH THE POWER OF PREVUE NETWORKS**

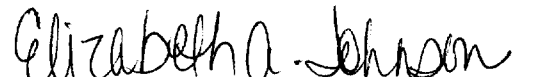
# PREVUE

NETWORKS, INC.

CERTIFICATE OF SERVICE

This is to certify that on this 21st day of July, 1993,  
a true and correct copy of the above and foregoing Opposition of  
Prevue Networks, Inc. was sent by first class mail, postage pre-  
paid, to the following:

Norman M. Sinel  
Arnold & Porter  
1200 New Hampshire Avenue, NW  
Washington, DC 20036

  
Elizabeth A. Johnson